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Sustainable investors expect sector growth, but not from them
By Rob Burgess
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The vast majority of sustainable investors are optimistic about the future of the expansion of the practice, but only around one-third expected their own organizations to be the ones to do it.

Maria Lettini, CEO of US Sustainable Investment Forum (SIF), said the organization's annual report found that there are $6.5 trillion in total sustainable assets, taking up around 12% of the total U.S. market of $52.5 trillion. She said this is the new baseline number for the report, now in its 15th year, and is based on U.S. Securities and Exchange Commission (SEC) filings.

Sireen Hajj, director of investor outreach at US SIF, said the good news is that individual perceptions of future growth in sustainable investing is strongly positive. For this year's report, US SIF surveyed 250 respondents between May and August and found that 73% expect the sustainable investment market to grow over the next one to two years.

"We're optimistic on that front when we look at trends in the industry," said Lettini.

However, only 39% of respondents expect their organizations to increase sustainable investing, indicating that this growth is anticipated to come from broader market participants. At the organizational level, survey results show that 10% of organizations intend to increase sustainable investing significantly in the next 12 months, 29% plan to increase it moderately and 50% will maintain the current level.

"Despite this expectation of growth, market enthusiasm has been fairly subdued, possibly reflecting some of the political uncertainties and headwinds expected to come our way over the next few years," said Hajj.

Respondents overwhelmingly, 80%, said climate change was a consideration, while 72% cited labor standards and 69% said human rights.

For many of those who are participating, sustainable investing is core to their investment philosophy.

"For investors like us, these are not political or ideological questions, they are about investment fundamentals," wrote one respondent. "Our focus is on ensuring the portfolios we manage are well placed to navigate the risks and opportunities [that] social and environmental challenges create so we can deliver the investment outcomes our clients expect."

Hajj said two practices that have detrimental effects on market trust in sustainability initiatives are greenwashing and greenhushing. Greenwashing is when a company is misleading about how environmentally friendly its practices are. Greenhushing occurs when a firm tries to suppress the extent to which it engages in environmental, social, and governance (ESG) practices.

These issues are getting more attention, the report found. Mentions of greenwashing in both investment industry and sustainability-focused publications grew from 1,826 in 2020 to 2021 to 5,705 in 2022 to 2024. And while there was only one mention of greenhushing in investment industry publications in 2020 to 2021 and none in sustainability-focused publications, that total shot up to 178 in 2022 to 2024.

"We do expect that those two practices will continue to set the tone for the industry as it continues to navigate the evolution of regulation on a global scale, as well as rising skepticism around capitalism here at home," Hajj said.